

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Financial Statements**

**As of and For the Year Ended**  
**June 30, 2012**

**Ouachita Parish Sheriff  
Monroe, Louisiana**

**Financial Report  
As of and for the Year Ended June 30, 2012**

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**Ouachita Parish Sheriff**  
**Monroe, Louisiana**  
  
**Financial Report**  
**As of and for the Year Ended June 30, 2012**

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# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

### **Ouachita Parish Sheriff Monroe, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the major fund, and fiduciary fund information of the Ouachita Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2012, which collectively comprise the Sheriff's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Ouachita Parish Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and fiduciary fund information of the Ouachita Parish Sheriff as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2012 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on



**Ouachita Parish Sheriff  
Monroe, Louisiana**

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the Budgetary Comparison Schedule on page 40 and the Schedule of Funding Progress for the Retiree Healthcare Plan on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's financial statements as a whole. The accompanying information listed as Other Supplemental Information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplemental Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



(A Professional Accounting Corporation)

February 14, 2013

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**

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**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Management's Discussion and Analysis (Unaudited)**

Within this section of the Ouachita Parish Sheriff (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2012. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**FINANCIAL HIGHLIGHTS**

The Sheriff's net assets decreased by \$1,068,395 or approximately ten percent.

Total net assets are comprised of the following:

1. Capital assets of \$3,812,921 include property and equipment, net of accumulated depreciation.
2. Unrestricted net assets of \$6,914,912 represent the portion available to maintain the Sheriff's continuing obligations to citizens and creditors.

The Sheriff's governmental fund reported total ending fund balance of \$13,071,715 this year. This compares to the prior year ending fund balance of \$12,191,937 representing an increase of \$879,778 for the current year.

Overall, the Sheriff continues to maintain a strong financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Management's Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes in this report additional information to supplement the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall financial health of the Sheriff would extend to other nonfinancial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property taxes. The sole purpose of these governmental activities is public safety.

The government-wide financial statements are presented on pages 11 - 12 of this report.

## FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

The Sheriff has one governmental fund, the General Fund.

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 14 - 17 of this report.

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff reports six agency funds.

The basic agency fund financial statement is presented on page 18 of this report.

Notes to the basic financial statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations. A budgetary comparison schedule is included as "required supplemental information" for the General Fund. This

schedule demonstrates compliance with the Sheriff's adopted and final revised budget. Required supplemental information can be found beginning on page 39 of this report.

In addition, details of the individual agency funds are presented as other supplemental information beginning on page 42 of this report.

#### FINANCIAL ANALYSIS OF THE PARISH SHERIFF AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Sheriff as a whole.

The Parish Sheriff's net assets decreased between fiscal years 2011 and 2012 by \$1,068,395 or 10%. The following table provides a summary of the Sheriff's net assets:

Ouachita Parish Sheriff  
Summary of Net Assets  
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Assets:		
Current assets and other assets	\$ 13,609,357	\$ 12,509,189
Capital assets	3,812,921	4,360,446
Total assets	<u>17,422,278</u>	<u>16,869,635</u>
Liabilities:		
Current liabilities	2,441,439	2,093,682
Long-term liabilities	4,253,006	2,979,725
Total liabilities	<u>6,694,445</u>	<u>5,073,407</u>
Net assets:		
Investment in capital assets, net of debt	3,812,921	4,360,446
Unrestricted	<u>6,914,912</u>	<u>7,435,782</u>
Total net assets	<u>\$ 10,727,833</u>	<u>\$ 11,796,228</u>

The Sheriff continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 5.6 to 1 for 2012 and 6.0 to 1 for 2011.

The Sheriff reported positive balances in net assets for the governmental activities. Net assets decreased \$1,068,395 for governmental activities in fiscal year 2012 and increased \$431,347 for governmental activities in fiscal year 2011.

#### CHANGES IN NET ASSETS

The Sheriff's total revenues were \$31.6 million representing an increase of approximately \$400 thousand or 1.2% over 2011. A significant portion, 45.2% of the Sheriff's revenue comes from fees, fines and charges for services. Another 45% comes from taxes, while only 6.7% comes from grants and contributions.

The total cost of all programs and services was \$32.7 million, an increase of \$1.9 million or 6.2%. All of these costs are for public safety. Of the total costs, depreciation on the office and other equipment, buildings and vehicles was \$1,528,943 or 4.7% of total expenses.

Ouachita Parish Sheriff  
Statements of Activities  
For the Years Ended June 30, 2012 and 2011

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
<u>Program Revenues</u>		
Fees, Fines and Charges for Services	\$ 14,318,695	\$ 13,255,626
Operating Grants and Contributions	1,978,571	2,052,165
Capital Grants and Contributions	123,323	747,805
<u>General Revenues</u>		
Property Taxes	10,878,691	10,241,713
Sales Taxes	3,361,726	3,211,128
State Revenue Sharing	639,481	643,405
Investment Earnings	112,947	104,617
Other	242,734	972,234
<b>Total Revenues</b>	<u>31,656,168</u>	<u>31,228,693</u>
<b>Expenses</b>		
Public Safety	<u>32,724,563</u>	<u>30,797,346</u>
Change in net assets	(1,068,395)	431,347
Beginning net assets	11,796,228	11,364,881
Ending net assets	<u>\$ 10,727,833</u>	<u>\$ 11,796,228</u>

## FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

### Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$13,071,715 an increase of \$879,778 from the preceding year. All of these funds are unrestricted and are available for continuing the Sheriff's activities.

### MAJOR GOVERNMENTAL FUNDS

The General Fund is the Sheriff's only operating fund and the source of day-to-day service delivery.

Revenues from this governmental fund type increased \$468,711 or 1.5%. Decreases in grants and other revenues were slightly offset by increases in fees, fines and charges for services, sales taxes, and property taxes. Expenditures increased \$1,299,462 or 4.4%.



## BUDGETARY HIGHLIGHTS

### General Fund

The Sheriff was not required to revise the original budget. Actual expenditures were \$1 million more and actual revenues were \$1.7 million greater than the budgeted amounts.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2012, was \$3,812,921. This represents a net decrease (including additions and deductions) of \$547,525. This decrease was related to prior year acquisitions of vehicles, machinery and equipment, and building improvements exceeding the current year depreciation. Additional information regarding Capital Assets is available in the Notes to the Financial Statements.

Ouachita Parish Sheriff  
Sheriff's Capital Assets  
For the Years Ended June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Furniture & Fixtures	\$ 51,890	\$ 51,890
Vehicles	4,670,629	4,215,056
Machinery & equipment	2,914,427	2,714,878
Buildings and building improvements	2,391,545	2,314,278
Rifle range land	387,464	163,000
Totals at historical cost	10,415,955	9,459,102
Total accumulated depreciation	6,603,034	5,098,656
Net capital assets	<u>\$ 3,812,921</u>	<u>\$ 4,360,446</u>

At June 30, 2012, the net depreciable capital assets for governmental activities were 34.2% undepreciated versus 45.2% in the prior year. The percentage of remaining life is an indicator of the age of the asset. The higher the percentage reflects the capital asset has a longer remaining lifespan. The assets, therefore at June 30, 2012 have less than ½ of their useful life remaining. As this percentage decreases, one can assume that more resources will have to be used to replace the older capital assets.

### Long-term obligations

At the end of the fiscal year, the Sheriff had total Long-Term Obligations of \$6,156,803 which consists of \$1,496,951 accrued annual vacation and compensated absences, \$100,000 in claims and judgments payable and \$4,559,852 in other post retirement benefits payable. This amount represents an increase from 2011 of \$1,400,648. This increase is primarily attributable to other post retirement benefits as more fully explained in the notes to the financial statements.

## CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Jay Russell, Sheriff, Ouachita Parish Sheriff and Tax Collector, P.O. Box 1810, Monroe, LA 71210.



**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Statement of Net Assets**  
**Governmental Activities**  
**June 30, 2012**

**ASSETS**

Cash	\$ 9,772,672
Cash investments	2,020,879
Due from other funds	127,804
Receivables	1,680,864
Inventory	7,138
Capital assets, net	3,812,921
<b>TOTAL ASSETS</b>	<u>17,422,278</u>

**LIABILITIES**

Accounts payable	251,241
Accrued payroll & other	286,401
Long-term liabilities	
Due within one year	1,903,797
Due after one year	4,253,006
<b>TOTAL LIABILITIES</b>	<u>6,694,445</u>

**NET ASSETS**

Invested in capital assets	3,812,921
Unrestricted	6,914,912
<b>TOTAL NET ASSETS</b>	<u>\$ 10,727,833</u>

The accompanying notes are an integral part of the basic financial statements.

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Statement of Activities**  
**For the Year Ended June 30, 2012**

Activities	Expenses	Program Revenues			Net (Expense)
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities</b>					
Public safety	\$ 32,732,555	\$ 14,318,695	\$ 1,978,571	\$ 123,323	\$ (16,311,966)
Total	<u>\$ 32,732,555</u>	<u>\$ 14,318,695</u>	<u>\$ 1,978,571</u>	<u>\$ 123,323</u>	<u>\$ (16,311,966)</u>
General revenues					
Taxes, levied for general purposes:					
Property taxes					10,878,691
Sales taxes					3,361,726
State revenue sharing					639,481
Interest and investment earnings					112,947
Miscellaneous					<u>242,734</u>
Total general revenues					<u>15,235,579</u>
Change in net assets					(1,076,387)
Net assets - at beginning of year					<u>11,796,228</u>
Net assets - at end of year					<u>\$ 10,719,841</u>

The accompanying notes are an integral part of the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

## Statement C

**OUACHITA PARISH SHERIFF  
Monroe, Louisiana****Balance Sheet - Governmental Fund  
General Fund****June 30, 2012****ASSETS**

Cash	\$	9,772,672
Cash investments		2,020,879
Receivables		1,680,864
Due from other funds		127,804
Inventories		<u>7,138</u>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>13,609,357</u></b>
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**LIABILITIES AND FUND BALANCES****Liabilities**

Accounts payable	\$	251,241
Accrued payroll & other		<u>286,401</u>
Total Liabilities		<u>537,642</u>

**Fund Balances**

Nonspendable		7,138
Unassigned		<u>13,064,577</u>
Total Fund Balances		<u>13,071,715</u>

<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$</b>	<b><u>13,609,357</u></b>
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The accompanying notes are an integral part of the basic financial statements.

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Reconciliation of the Governmental Fund's Balance Sheet  
to the Statement of Net Assets**

**June 30, 2012**

Total fund balances - governmental fund		\$	13,071,715
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds			
Governmental capital assets	\$	10,415,955	
Less: accumulated depreciation		<u>(6,603,034)</u>	3,812,921
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund			
Claims and judgments payable		(100,000)	
Compensated absences payable		(1,496,951)	
Other post-employment benefits payable		<u>(4,559,852)</u>	<u>(6,156,803)</u>
Total net assets - governmental activities		\$	<u>10,727,833</u>

The accompanying notes are an integral part of the basic financial statements.

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Governmental Fund - General Fund**

**For the Year Ended June 30, 2012**

**REVENUES**

Ad valorem taxes	\$ 10,878,691
Sales taxes	3,361,726
Intergovernmental revenues:	
Federal grants	214,022
State grants:	
State revenue sharing (net)	639,481
State supplemental pay	1,784,693
Other	58,119
Other grants and contributions	45,061
Fees, charges, and commissions for services:	
Services and programs	1,953,971
Civil and criminal fees	2,210,186
Court attendance	142,906
Feeding, keeping and transporting of prisoners	9,978,633
Tax notices, etc.	32,999
Use of money and property	112,947
Other	223,850
<b>TOTAL REVENUES</b>	<u>31,637,285</u>

**EXPENDITURES**

Public safety	
Current	
Personal services and related benefits	26,151,161
Operating services	1,746,928
Materials and supplies	1,899,288
Travel and other charges	637
Capital outlay	986,368
<b>TOTAL EXPENDITURES</b>	<u>30,784,382</u>

<b>Excess of revenues over expenditures</b>	<u>852,903</u>
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**OTHER FINANCING SOURCES**

Compensation for damage and sale of assets	18,883
<b>Total other financing sources</b>	<u>18,883</u>

<b>Excess of Revenues and Other Sources Over Expenditures</b>	871,786
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<b>Fund Balance at Beginning of Year</b>	<u>12,191,937</u>
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<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 13,063,723</u>
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The accompanying notes are an integral part of the basic financial statements.

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Reconciliation of the Governmental Fund's Statement of Revenues,  
Expenditures and Changes in Fund Balance  
to the Statement of Activities**

**For the Year Ended June 30, 2012**

Net change in fund balance - total governmental fund	\$	871,786
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 986,368		
Basis of assets sold or retired	(4,950)		
Depreciation expense	<u>(1,528,943)</u>		(547,525)

Governmental funds reports annual premiums for other post-employment benefits as expenditures. However, in the statement of activities, only the current addition in the obligation is recognized as an expense.

Post-employment benefits paid	406,846		
Current year addition to the post-employment benefit payable	<u>(1,710,264)</u>		(1,303,418)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures.

Compensated absences			<u>(97,230)</u>
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Change in net assets - governmental activities	\$	<u><u>(1,076,387)</u></u>
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The accompanying notes are an integral part of the basic financial statements.



**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Fiduciary Fund - Agency Funds**  
**Statement of Fiduciary Assets and Liabilities**

**June 30, 2012**

**ASSETS**

Cash and cash equivalents	\$ <u>5,230,061</u>
<b>TOTAL ASSETS</b>	\$ <u><u>5,230,061</u></u>

**LIABILITIES**

Due to General Fund	\$ 127,804
Accounts payable	1,166,018
Due to taxing bodies and others	<u>3,936,239</u>
<b>TOTAL LIABILITIES</b>	\$ <u><u>5,230,061</u></u>

The accompanying notes are an integral part of the basic financial statements.

## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

#### INTRODUCTION

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Ouachita Parish Sheriff (Sheriff) serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of programs such as neighborhood watch and anti-drug abuse. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem (property) taxes, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the district court.

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

The Tax Collector collects and disburses ad valorem taxes for municipalities, including the City of Monroe, City of West Monroe, Town of Sterlington, and Town of Richwood for a cost based fee. They began collecting and disbursing ad valorem taxes for the tax year of 2011 for the City of Monroe, City of West Monroe, and the Town of Richwood, and for the tax year of 2010 for the Town of Sterlington. The Tax Collector also collects and disburses various fees assessed to taxpayers by the City of Monroe and fines, court costs, and bond fees for the Town of Sterlington and Town of Richwood.

#### *(1) Summary of Significant Accounting Policies*

##### *A. Reporting Entity*

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's

## **OUACHITA PARISH SHERIFF**

### **Notes to the Financial Statements As of and For the Year Ended June 30, 2012**

office that are paid or provided by the parish police jury as required by Louisiana law, the Sheriff is financially independent.

Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Sheriff.

#### *B. Basis of Presentation*

The accompanying financial statements of the Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments".

#### *Government-Wide Financial Statements (GWFS)*

The Statement of Net Assets and the Statement of Activities display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. However, fiduciary funds are not included. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

#### *Fund Financial Statements (FFS)*

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The funds of the Sheriff are described below:

#### *Governmental Funds -*

General Fund - The General Fund is the primary operating fund of the Sheriff and its accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and Federal laws and according to Sheriff policy. The General Fund is the only major fund of the Sheriff.

#### *Fiduciary Funds -*

Fiduciary fund reporting focuses on assets and liabilities and the changes therein. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action and inmate funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

#### *C. Measurement Focus/Basis of Accounting*

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial sources. This approach is then reconciled, through adjustment, to a government-wide view of Sheriff operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized

## **OUACHITA PARISH SHERIFF**

### **Notes to the Financial Statements As of and For the Year Ended June 30, 2012**

when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within the 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

#### *Revenues*

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Intergovernmental revenues and fees, charges and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

#### *Expenditures*

The Sheriff's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

#### *Deferred Revenues*

Deferred revenues arise when resources are received by the Sheriff before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

#### *D. Budgets*

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

## **OUACHITA PARISH SHERIFF**

### **Notes to the Financial Statements As of and For the Year Ended June 30, 2012**

1. The chief financial deputy prepares a proposed budget for the General Fund and submits it to the Sheriff for the fiscal year not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Sheriff.
7. Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

#### *E. Cash and Interest-Bearing Deposits*

Cash and interest-bearing deposits include amounts in the demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market.

#### *F. Investments*

Under state law, Sheriff may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana.



# OUACHITA PARISH SHERIFF

## Notes to the Financial Statements As of and For the Year Ended June 30, 2012

### G. *Uncollectible Allowance*

The statements contain no provision for uncollectible accounts. The Sheriff is of the opinion that such allowance would be immaterial in relation to the basic financial statements taken as a whole.

### H. *Short-Term Interfund Receivables/Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

### I. *Prepaid Items*

Insurance payments made to insurance agencies that will benefit periods beyond June 30, 2012 are recorded as prepaid items.

### J. *Capital Assets*

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets. Capital assets are recorded in the Statement of Net Assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. Construction in progress is not depreciated until the asset is completed and placed into service. All capital assets except land and construction in progress are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (Years)</u>
Office furniture and equipment	3-5
Vehicles	5
Machinery, safety and communications equipment	5-10
Buildings & building improvements	20-25

### K. *Compensated Absences*

After one year of service, employees of the Sheriff earn 8 days of vacation leave per year plus one day for each year of service, up to a maximum of 20 days. After three full months of service, employees earn sick leave at the rate of one day per month of service. There is no maximum number of hours that an employee may accumulate.

## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

Employees are not paid for accumulated sick leave upon separation from service. Compensatory time is accrued at 1.5 hours for each hour worked and holiday time is accrued at 1.0 hour for each holiday hour worked. If an employee leaves the employment of the Sheriff, all accrued vacation, compensatory time and holiday pay are paid to the employee.

At June 30, 2012, employees of the Sheriff have \$1,496,951 accumulated and vested employee leave benefits, which was computed in accordance with GASB Codification C60. This amount is recorded in long-term liabilities on the statement of net assets.

#### *L. Equity Classifications*

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. The Sheriff adopted GASB Statement 54 for the year ended June 30, 2011. As such, fund balances of the governmental funds are classified as follows:

*Nonspendable* - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

*Restricted* - represents balances where constraints have been established by parties outside the Sheriff's office or imposed by law through constitutional provisions or enabling legislation.



## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

*Committed* - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Sheriff's highest level of decision-making authority.

*Assigned* - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

*Unassigned* - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Sheriff reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Sheriff reduces committed amounts first, followed by assigned amounts and the unassigned amounts.

#### *M. Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

#### *N. Contingencies*

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering its property, automobiles, law enforcement professional liability, and surety bond coverage. The Ouachita Parish Police Jury maintains insurance coverage on the building and its contents. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2012.

#### *(2) Cash and Cash Investments*

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At

# OUACHITA PARISH SHERIFF

## Notes to the Financial Statements As of and For the Year Ended June 30, 2012

June 30, 2012, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$13,869,402 as follows:

	General Fund	Fiduciary Funds	Total
Noninterest-bearing deposits	\$ 98,021	\$ 707,238	\$ 805,259
Interest-bearing deposits	11,692,930	4,522,822	16,215,752
Total	<u>\$ 11,790,951</u>	<u>\$ 5,230,060</u>	<u>\$ 17,021,011</u>

*Custodial credit risk – deposits.* These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at June 30, 2012, are secured, as follows:

Bank balances	\$ <u>17,712,732</u>
Federal deposit insurance	\$ 1,203,799
Pledged securities	<u>16,508,933</u>
Total	<u>\$ 17,712,732</u>

*Credit risk.* Under state law, the Sheriff may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Sheriff's investments consist of certificates of deposit which are covered by Federal deposit insurance or by pledged securities. At June 30, 2012, there are no unsecured and uninsured deposits that are exposed to credit risk.

*Concentration of credit risk.* The Sheriff does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

*Interest rate risk.* The Sheriff manages its exposure to declines in fair values by limiting the maturity of its investments to no longer than one year.

## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

#### (3) *Ad Valorem Taxes*

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem (property) taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish government in June and are actually billed to taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Ouachita Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2012, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 12.11 mills on property with net assessed valuations totaling \$897,335,764.

#### (4) *Receivables*

Amounts due from other governmental units at June 30, 2012 consist of the following:

State of Louisiana	\$	341,425
Parish governments		<u>1,339,439</u>
Total	\$	<u>1,680,864</u>

#### (5) *Interfund Transactions*

Interfund receivables and payables consisted of amounts due to/from other funds for fees earned for services performed. They consisted of the following at June 30, 2012:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 127,804	\$ -
Agency Funds		
Inmate	-	127,804
Total	<u>\$ 127,804</u>	<u>\$ 127,804</u>

# OUACHITA PARISH SHERIFF

## Notes to the Financial Statements As of and For the Year Ended June 30, 2012

### (6) Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Governmental activities:				
Capital assets not being depreciated				
Rifle range land	\$ 163,000	\$ 224,464	\$ -	\$ 387,464
Capital assets being depreciated				
Furniture and fixtures	51,890	-	-	51,890
Vehicles	4,215,056	455,573	-	4,670,629
Machinery and equipment	2,714,878	229,064	29,515	2,914,427
Buildings and building improvements	2,314,278	77,267	-	2,391,545
Total capital assets being depreciated	9,296,102	761,904	29,515	10,028,491
Less: accumulated depreciation	5,098,656	1,528,943	24,565	6,603,034
Governmental activities capital assets - net	\$ 4,360,446	\$ (542,575)	\$ 4,950	\$ 3,812,921

Depreciation expense in the amount of \$1,528,943 was charged to public safety.

### (7) Changes in General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 2012:

	Compensated Absences	Claims and Judgements	Other Post Employment Benefits	Total
Long-term obligations at July 1, 2011	\$ 1,399,721	\$ 100,000	\$ 3,256,434	\$ 4,756,155
Additions	2,479,540	-	1,710,264	4,189,804
Deductions	(2,382,310)	-	(406,846)	(2,789,156)
Long-term obligations at June 30, 2012	\$ 1,496,951	\$ 100,000	\$ 4,559,852	\$ 6,156,803
Amounts due within one year	\$ 1,496,951	\$ -	\$ 406,846	\$ 1,903,797

## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

#### (8) *Pension Plan*

Substantially all employees of the Sheriff are members of the Louisiana Sheriff's Pension and Relief Fund (the System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All sheriffs and all deputies who are 18 years or older at the time of original employment, who earn not less than \$400 per month if employed after September 7, 1979 and before January 1, 1991; \$550 if employed between January 1, 1991 and December 31, 1999; and \$800 if employed on or after January 1, 2000 are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to 3.33% of their final-average salary for each year of credited service. The retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established and amended by state statute.

Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The Sheriff's rate for the year ended June 30, 2012 was 12.0 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds are required and available from insurance premium taxes. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. In December 2000, the Sheriff began paying the employees' contribution amounts. The Sheriff's contributions to the system (including the employees' contributions) for the years ended June 30, 2012, 2011, and 2010, were \$4,312,635, \$4,013,327, and \$4,160,194, respectively.

The System issues an annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, 1225 Nicholson Dr, Baton Rouge, Louisiana 70802 or by calling (800) 586-9049.

## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

#### (9) *Post-employment benefits*

##### **Post-employment benefits**

**Plan Description** – The Ouachita Parish Sheriff's medical and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical/dental coverage for the retiree only (not dependents). The employer also pays for life insurance coverage after retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) age is 55 but must have 20 years of service with Ouachita Parish Sheriff's Office to obtain medical coverage paid by the employer.

The valuation of the retiree dental insurance has been combined with the medical with all actuarial assumptions being the same except that there was not any medical trend assumed for dental insurance rates.

Life insurance coverage is continued to retirees by election and the blended rate for active employees is \$0.348 per \$1,000 of insurance and \$0.77 per \$1,000 of insurance for retirees. The employer pays for \$10,000 of life insurance after retirement for retirees but it is based on the blended active/retired rate and there is thus an implied subsidy. The employer also pays the "cost" of up to \$15,000 if the retiree elects to continue the full 2.5 times salary insurance amount into retirement with a similar implied subsidy for this amount. Also, although the retiree pays the "cost" of the excess elected benefit it is based on the blended rate and there is thus an additional implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. Based on past experience, we have assumed that 20% of future retirees will decline life insurance, 10% will elect only the basic \$10,000 and 70% will elect to continue the full 2.5 times salary. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

**Contribution Rates** – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy** – Until 2008, the Ouachita Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Ouachita Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2012 and 2011, the Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$406,846 and \$376,709, respectively.



# OUACHITA PARISH SHERIFF

## Notes to the Financial Statements As of and For the Year Ended June 30, 2012

Effective July 1, 2008, the Ouachita Parish Sheriff implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

**Annual Required Contribution** – The Ouachita Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2012</u>	<u>2011</u>
Normal cost	\$ 783,477	\$ 753,343
30-year UAL amortization amount	984,850	946,971
Annual required contribution (ARC)	<u>\$ 1,768,327</u>	<u>\$ 1,700,314</u>

**Net Post-employment Benefit Obligation (Asset)** – The table below shows the Ouachita Parish Sheriff's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	<u>2012</u>	<u>2011</u>
Beginning Net OPEB Obligation	\$ 3,256,434	\$ 1,967,918
Annual required contribution	1,768,327	1,700,314
Interest on Net OPEB Obligation	130,257	78,717
ARC Adjustment	<u>(188,320)</u>	<u>(113,805)</u>
OPEB Cost	1,710,264	1,665,226
Contribution	-	-
Current year retiree premium	<u>(406,846)</u>	<u>(376,709)</u>
Change in Net OPEB Obligation	<u>1,303,418</u>	<u>1,288,516</u>
Ending Net OPEB Obligation	<u>\$ 4,559,852</u>	<u>\$ 3,256,434</u>

The following table shows the Ouachita Parish Sheriff's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2012	\$ 1,710,264	23.79%	\$ 4,559,852
June 30, 2011	\$ 1,665,226	22.62%	\$ 3,256,434

## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

**Funded Status and Funding Progress** – In 2012 and 2011, the Ouachita Parish Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2010 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2012 was \$17,030,139 which is defined as that portion, as determined by a particular actuarial cost method (the Ouachita Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

		<u>2012</u>	<u>2011</u>
Actuarial Accrued Liability (AAL)	\$	17,030,139	\$ 16,375,134
Actuarial Value of Plan Assets (AVP)		-	-
Unfunded Act. Accrued Liability (UAAL)	\$	<u>17,030,139</u>	<u>\$ 16,375,134</u>
Funded Ratio (AVP/AAL)		0.00%	0.00%
Covered Payroll (active plan members)	\$	17,815,267	\$ 16,744,425
UAAL as a percentage of covered payroll		95.59%	97.79%

**Actuarial Methods and Assumptions** – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Ouachita Parish Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Ouachita Parish Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Ouachita Parish Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method** – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.



## OUACHITA PARISH SHERIFF

### Notes to the Financial Statements As of and For the Year Ended June 30, 2012

**Actuarial Value of Plan Assets** – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate** – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 7.5%.

**Post employment Benefit Plan Eligibility Requirements** – We have assumed that actual retirement (and commencement of OPEB benefits) occurs at four years after the earliest retirement eligibility (D.R.O.P. entry). The four years consists of three years of D.R.O.P. and one additional year. Medical benefits are provided to employees upon actual retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) age is 55 but must have 20 years of service with Ouachita Parish Sheriff's Office to obtain medical coverage paid by the employer.

**Investment Return Assumption (Discount Rate)** – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate** – The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate** - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

**Method of Determining Value of Benefits** – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired before Medicare eligibility, so we have estimated the "unblended" rates for retirees before Medicare as 130% of the blended rate, as required by GASB 45 for valuation purposes.

**Inflation Rate** - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

# OUACHITA PARISH SHERIFF

## Notes to the Financial Statements As of and For the Year Ended June 30, 2012

**Projected Salary Increases** - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases** - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

**Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.**

OPEB Costs and Contributions			
	FY 2010	FY 2011	FY 2012
OPEB Cost	\$ 1,321,057	\$ 1,665,226	\$ 1,710,264
Contribution	-	-	-
Retiree premium	319,981	376,709	406,846
Total contribution and premium	319,981	376,709	406,846
Change in net OPEB obligation	\$ 1,001,076	\$ 1,288,517	\$ 1,303,418
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	24.22%	22.62%	23.79%

### (10) Agency Fund Deposits Due to Taxing Bodies and Others

A summary of changes in Agency Fund deposits due to taxing bodies and others and due to prisoners follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
Agency Fund				
Tax Collector	\$ 3,072,552	\$ 107,613,309	\$ 107,766,664	\$ 2,919,197
Civil	330,633	6,228,002	6,199,558	359,077
Bond	581,820	415,302	564,903	432,219
Criminal	95,665	118,350	208,627	5,388
Clearing	20	16,128,665	16,120,944	7,741
Inmate	220,722	3,495,559	3,375,860	340,421
Total	\$ 4,301,412	\$ 133,999,187	\$ 134,236,556	\$ 4,064,043

## **OUACHITA PARISH SHERIFF**

### **Notes to the Financial Statements As of and For the Year Ended June 30, 2012**

#### *(11) Taxes Paid Under Protest*

The unsettled balances due to taxing bodies and others in the Agency Funds at June 30, 2012, include \$2,918,718 of taxes paid under protest plus interest earned to date on the investment of these funds. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

#### *(12) Litigation, Claims and Commitments*

At June 30, 2012, the Sheriff was involved in several lawsuits. The potential liability for lawsuits pending has been estimated to be \$100,000. No provision for any other liability resulting from lawsuits has been made in the accompanying financial statements.

The Sheriff has entered into various cancelable operating leases for office and communication equipment. Rental expense under all cancelable operating leases for the year ended June 30, 2012 was \$63,495.

#### *(13) On-Behalf Payments*

Certain employees of the Sheriff receive supplemental pay from the State of Louisiana. In accordance with GASB Statement No. 24, the Sheriff recorded revenues and expenditures for these payments in the General Fund. Revenues and expenditures under this arrangement totaled \$1,784,693.

#### *(14) Joint Operation of Hibernia Center For Law Enforcement Training*

On September 11, 1997, Hibernia National Bank donated a building to the City of West Monroe, the Ouachita Parish Sheriff and the City of Monroe, to be used solely for law enforcement purposes with the primary emphasis on training. The donation was made subject to a restriction on use that requires that the property be used solely for law enforcement purposes for a period of ten years from the date of donation and that the building be designated as "The Hibernia Center for Law Enforcement Training." The Sheriff, the City of West Monroe, and the City of Monroe agreed to share equally the costs of improving and maintaining the building. The Sheriff did not incur any expenses related to the building during the year ended June 30, 2012.

# OUACHITA PARISH SHERIFF

## Notes to the Financial Statements As of and For the Year Ended June 30, 2012

### (15) Federal Financial Assistance

The Sheriff participated in the following Federal financial assistance programs during the year ended June 30, 2012:

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>C.F.D.A. Number</b>	<b>Federal Expenditures</b>
<b>U. S. Department of Justice:</b>		
<b>Direct Programs:</b>		
Justice Assistance Grants	16.738	\$ 62,918
COPS Methamphetamine Initiative	16.710	80,019
		<u>142,937</u>
<b>Pass-Through Programs:</b>		
Louisiana Commission on Law Enforcement:		
Domestic Violence Investigation	16.588	42,041
		<u>42,041</u>
Total Department of Justice		<u>184,978</u>
<b>Department of Homeland Security</b>		
<b>Direct Programs:</b>		
Buffer Zone Project	97.078	15,344
Total Department of Homeland Security		<u>15,344</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 200,322</u>

### (16) Expenditures of the Sheriff Paid by the Ouachita Parish Police Jury

The Sheriff's office is located in the Ouachita Parish Courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Ouachita Parish Police Jury.

### (17) Deferred Compensation Plan

The Sheriff also offers employees the ability to participate in the Louisiana 457 Deferred Compensation Plan (the Plan). All current full-time and part-time employees are immediately eligible to participate in the Plan. In 2012, the maximum participant contribution amount is 100% of the employees' eligible compensation or \$17,000, whichever is less. It may be indexed in \$500 increments after 2012. Participants nearing

## **OUACHITA PARISH SHERIFF**

### **Notes to the Financial Statements As of and For the Year Ended June 30, 2012**

retirement are permitted to make certain "catch-up" contributions up to an additional \$5,500 in 2012. The Sheriff matches 50% of the employee's contribution. Participants are able to direct their investments into an array of mutual funds that the Plan offers. The Sheriff's contributions to the Plan (including employees contributions) for the years ended June 30, 2012, 2011, and 2010, were \$615,706, \$496,341, and \$599,059 respectively.

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART B)**

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**General Fund**  
**Budgetary Comparison Schedule**

**For the Year Ended June 30, 2012**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary Fund Balance - Beginning of Year</b>	\$ 10,440,172	\$ 10,440,172	\$ 12,191,937	\$ 1,751,765
<b>Resources (Inflows)</b>				
Ad valorem taxes	10,149,000	10,149,000	10,878,691	729,691
Sales taxes	2,800,000	2,800,000	3,361,726	561,726
Intergovernmental revenues				
Federal grants	400,862	400,862	214,022	(186,840)
State grants				
State revenue sharing (net)	600,000	600,000	639,481	39,481
State supplemental pay	1,728,000	1,728,000	1,784,693	56,693
Other	59,200	59,200	58,119	(1,081)
Other grants and contributions	-	-	45,061	45,061
Fees, charges, and commissions for services				
Services and programs	1,018,500	1,018,500	1,953,971	935,471
Civil and criminal fees	2,150,000	2,150,000	2,210,186	60,186
Court attendance	125,000	125,000	142,906	17,906
Feeding, keeping and transporting of prisoners	9,836,223	9,836,223	9,978,633	142,410
Tax notices, etc.	65,000	65,000	32,999	(32,001)
Use of money and property	100,000	100,000	112,947	12,947
Other	853,727	853,727	223,850	(629,877)
<b>Total resources</b>	<b>29,885,512</b>	<b>29,885,512</b>	<b>31,637,285</b>	<b>1,751,773</b>
<b>Other financing sources</b>				
Compensation for damage to assets	-	-	18,883	18,883
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>18,883</b>	<b>18,883</b>
<b>Amounts available for appropriations</b>	<b>40,325,684</b>	<b>40,325,684</b>	<b>43,848,105</b>	<b>3,522,421</b>
<b>Charges to appropriations (Outflows)</b>				
Public safety				
Current				
Personal services and related benefits	25,037,428	25,037,428	26,151,161	(1,113,733)
Operating services	1,164,800	1,164,800	1,746,928	(582,128)
Materials and supplies	2,420,014	2,420,014	1,895,292	524,722
Travel and other charges	32,700	32,700	637	32,063
Capital outlay	1,096,571	1,096,571	982,372	114,199
<b>Total charges to appropriations</b>	<b>29,751,513</b>	<b>29,751,513</b>	<b>30,776,390</b>	<b>(1,024,877)</b>
<b>Budgetary Fund Balance - End of Year</b>	<b>\$ 10,574,171</b>	<b>\$ 10,574,171</b>	<b>\$ 13,071,715</b>	<b>\$ 2,497,544</b>

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Schedule of Funding Progress**

**For the Year Ended June 30, 2012**

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	July 1, 2010	\$ -	\$ 16,375,134	\$ 16,375,134	0.0%	\$ 16,744,425	100%
2012	June 1, 2010	\$ -	\$ 17,030,139	\$ 17,030,139	0.00%	\$ 17,815,267	95.59%



## **OTHER SUPPLEMENTAL INFORMATION**

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Fiduciary Fund Type - Agency Funds**  
**Combining Balance Sheet**

**June 30, 2012**

	<b>Tax Collector Fund</b>	<b>Civil Fund</b>	<b>Bond Fund</b>	<b>Criminal Fund</b>	<b>Clearing Fund</b>	<b>Inmate Funds</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,070,710	\$ 359,077	\$ 432,219	\$ 19,893	\$ 7,741	\$ 340,421	\$ 5,230,061
<b>TOTAL ASSETS</b>	<u>\$ 4,070,710</u>	<u>\$ 359,077</u>	<u>\$ 432,219</u>	<u>\$ 19,893</u>	<u>\$ 7,741</u>	<u>\$ 340,421</u>	<u>\$ 5,230,061</u>
<b>LIABILITIES</b>							
Due to General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,804	\$ 127,804
Accounts payable	1,151,513	-	-	14,505	-	-	1,166,018
Due to taxing bodies and others	<u>2,919,197</u>	<u>359,077</u>	<u>432,219</u>	<u>5,388</u>	<u>7,741</u>	<u>212,617</u>	<u>3,936,239</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 4,070,710</u>	<u>\$ 359,077</u>	<u>\$ 432,219</u>	<u>\$ 19,893</u>	<u>\$ 7,741</u>	<u>\$ 340,421</u>	<u>\$ 5,230,061</u>

OUACHITA PARISH SHERIFF  
Monroe, Louisiana

Schedule of Cash on Hand in Tax Collector Account

June 30, 2012

Cash on hand	\$ <u>1,151,292</u>
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**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Schedule of Collected Taxes**

**For the Year Ended June 30, 2012**

Taxing Authority	Collected Taxes
Law Enforcement	\$ 10,582,806
Parish Schools - Parishwide	2,791,558
Parish Schools - School Maintenance/Operation	13,014,651
Parish Schools - East Ouachita School Bond	5,933,273
Monroe City Schools - Maintenance/Operational/Additional Support	9,258,884
Monroe City Schools - Bonds	5,694,692
Parish General Fund	2,682,220
Parish Wide - Library Maintenance	6,554,332
Parish Wide - Health Unit	646,696
Parish Wide - Mosquito Abatement	1,398,219
Parish Wide - GB Cooley Hospital	1,267,202
Parish Wide -Detention Home	2,315,875
Parish Wide - Jail Maintenance and Improvements	7,952,464
Parish Wide - Assessment District	1,592,284
Municipal - Sterlington General Fund	80,931
Forestry Fee / Per Acre	13,455
Tensas Basin Levee District	1,901,683
Parish Fire Maintenance	8,019,646
East Ouachita Recreation Maintenance	1,215,861
Road Lighting District Fees	166,042
LA Tax Commission	16,043
City of Monroe	10,364,810
City of West Monroe	1,151,557
	<hr/>
Total	\$ <u><u>94,615,184</u></u>

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Schedule of Uncollected Taxes**

**For the Year Ended June 30, 2012**

<b>Taxing Authority</b>	<b>Uncollected Taxes</b>
Law Enforcement	\$ 84,320
Parish Schools - Parishwide	23,815
Parish Schools - School Maintenance/Operation	111,025
Parish Schools - East Ouachita School Bond	48,810
Monroe City Schools - Maintenance/Operational/Additional Support	65,381
Monroe City Schools - Bonds	40,213
Parish General Fund	22,287
Parish Wide - Library Maintenance	52,224
Parish Wide - Health Unit	5,153
Parish Wide - Mosquito Abatement	11,140
Parish Wide - GB Cooley Hospital	10,096
Parish Wide - Detention Home	18,452
Parish Wide - Jail Maintenance and Improvements	63,361
Parish Wide - Assessment District	19,694
Municipal - Sterlington General Fund	464
Forestry Fee / Per Acre	-
Tensas Basin Levee District	13,146
Parish Fire Maintenance	69,580
East Ouachita Recreation Maintenance	9,445
Road Lighting District Fees	-
LA Tax Commission	86
City of Monroe	64,416
City of West Monroe	6,739
	<hr/>
Total	\$ <u>739,847</u>

Note: All uncollected taxes are due from the liable party refusing to pay. The Ouachita Parish Tax Collector uses Archon, a collection agency, to collect delinquent taxes, at no cost to the taxpayers. All fees assessed by Archon are charged to the liable party and not the Tax Collector.

STATE OF LOUISIANA

PARISH OF OUACHITA

AFFIDAVIT

JAY RUSSELL, SHERIFF OF OUACHITA PARISH

BEFORE ME, the undersigned authority, personnally came and appeared, Jay Russell, the sheriff of Ouachita Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$1,151,292 is the amount of cash on hand in the tax collector account on June 30, 2012;

He further deposed and said:

All itemized statements of the amounts of taxes collected for tax year 2011, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.

  
JAY RUSSELL, SHERIFF

Sworn to and subscribed before me, Notary, this 6<sup>th</sup> day of Feb, 2013, in my office in Monroe, Louisiana.

 (Signature)

Carolyn T. Williams (Print), # 17036  
Notary Public

With Life (Commission)

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)  
Francis I. Huffman, CPA  
Philip A. Ragsdale, CPA  
David Ray Soignier, CPA, MBA

John Herman, CPA  
Lynn Andries, CPA  
Esther Atteberry, CPA  
Lori Woodard, MBA, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Ouachita Parish Sheriff  
Monroe, Louisiana**

We have audited the financial statements of the governmental activities, the major fund, and fiduciary fund information of the Ouachita Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2012, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated February 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control*

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Sheriff's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as findings 12-01, 12-02, and 12-04 to be material weaknesses.



**Ouachita Parish Sheriff  
Monroe, Louisiana**

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as findings 12-04 and 12-05.

The Sheriff's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Sheriff's response and, accordingly, we express no opinion on it.

We noted a certain matter that we reported to the Sheriff in a separate letter dated February 14, 2013.

This report is intended solely for the information and use of the Ouachita Parish Sheriff, management of the Sheriff's office, Federal awarding agencies and pass-through entities, other entities granting funds to the Sheriff and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

**February 14, 2013**

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Schedule of Findings**  
**For the Year Ended June 30, 2012**

**12-01 Purchasing Policies and Procedures**

***Finding***

Purchasing policies and procedures are not being implemented in accordance with their design. This is demonstrated by the fact that the prior Sheriff was able to override purchasing controls with respect to the rifle range and certain items noted during a review of credit card transactions and cash disbursements. While the policies and procedures have been greatly improved, some weaknesses still need to be addressed.

We reviewed two monthly credit card statements with 490 total transactions. We noted 194 transactions totaling \$65,803 did not have an approved requisition per policy, 10 transactions totaling \$10,390 did not have required quotes, 43 transactions totaling \$4,160 were charged sales tax (governmental entities are exempt from Louisiana sales tax) and 11 transactions totaling \$1,249 were missing supporting documentation. Non-credit card cash disbursement testwork indicated multiple exceptions including invoices not being cancelled and approvals not being obtained.

***Recommendation***

Policies and procedures should be reviewed and revised appropriately. All policies and procedures incorporated by the Sheriff should be followed or have a documented exception.

***Management's Correction Action Plan***

Compliance with the Department Purchasing Policy is now required of all OPSO deputies. Invoices will be defaced/cancelled after payment. The Credit Card policy is being reviewed and rewritten to include procedures for errors involving purchases with sales tax charges. Employees will be trained to assure no sales tax is included since the department is exempt for paying sales tax. All employees with credit cards will be re-trained in the Policy of Credit Card Purchases. The Accounts Payable Deputy will identify receipts where sales tax has been charged and communicate to Chief Financial Deputy who will contact the Deputy making the purchase to resolve purchase correctly. Approvals will not be made if proper documentation is not provided. Where applicable, requisitions and quotes will be required and reviewed prior to approvals. Employees will be held responsible for the purchases made not following the proper procedures. Violations will result in the loss of use of department credit card and/or personnel action will also be considered.

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Schedule of Findings**  
**For the Year Ended June 30, 2012**

**12-02 Accounting Software**

***Finding***

The accounting software is seriously limited due to its age and lacks the ability to maintain accurate accounts payable and accounts receivables records in the program. Because of this, many records are maintained in spreadsheets from which entries are made resulting in records that are very complex and difficult to follow. In addition, these entries are only made in the program on a monthly basis in a summary manner rather than on a transaction level. All of this results in records that do not allow for amounts to be traced to the general ledger in an effective and timely manner.

***Recommendation***

The software should be updated to allow for the recording of transactions as they occur including accruals. If the Sheriff elects not to update the software at this time, all journal entries should be made on a transaction basis.

***Management's Response***

Accounting Software has been identified as not adequate and steps have been taken to move toward its replacement. While there is an available upgrade to the current software, it is very expensive. The Tax Office accounting software has already been replaced this past year and additional software modules are planned for General Fund during the next 12 – 18 months.

In the interim, we will review our journal entry procedures to facilitate transaction based entries where possible. Accounting Department staff consists of Chief Financial Officer and two deputies so there is limited manpower as well. We believe the implementation of new software will facilitate more efficient accounting procedures and reporting.

**12-03 Financial Statements Not Filed Timely**

***Finding***

LA R.S. 24:513 requires that the Sheriff prepare and submit its audited financial statements to the Louisiana Legislative Auditor no later than six months after the end of the most recent fiscal year. The audit firm suffered personnel shortages due to a sudden illness during the audit of the partner performing the audit and thus was unable to complete the audit in time for the Sheriff's Office to submit to the Louisiana Legislative Auditor within the prescribed time period.

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Schedule of Findings**  
**For the Year Ended June 30, 2012**

***Management's Response***

Due to the unexpected nature of the illness the firm was unable to complete and submit the audit to the Legislative Auditor within the prescribed time period. We do not foresee this being an issue for future audits.

**12-04 Cash Collections Not Deposited**

**The Legislative Auditor performed an Investigative Audit in September 2012 and this is their finding.**

**Condition and Criteria:** Records of the Ouachita Parish Sheriff's Office (OPSO) and the Louisiana Department of Public Safety indicate that from June 23, 2010, through October 28, 2011, former OPSO cashier, failed to deposit cash collections of fines, fees, and court costs payments totaling at least \$50,387 into the OPSO bank account. These cash collections represent amounts owed by offenders, but they were falsely recorded as credits for time served in jail rather than being properly recorded as credits for cash collected from offenders. This scheme allowed cash to be removed from the daily collections without detection.

**Context:** We identified false credits and missing cash payments by reviewing OPSO records, including fines and cost and jail computer systems, as well as by comparing these records to independent records from the Department of Public Safety's Division of Probation and Parole (DPP).

Our review indicated that from June 23, 2010, through October 28, 2011, there were 64 instances where offenders were falsely granted credits totaling \$71,462. DPP and OPSO records show that in 43 of the 64 instances, payments totaling \$50,387 were received and credits were recorded against balances owed by offenders equal to that amount; however, cash collections corresponding to the \$50,387 of credits were not deposited into the OPSO bank account. Since money orders and cashier's checks made up most of the \$50,387 and were not included in the deposits they were, in effect, substituted for cash collections that were removed prior to the deposit being made. For the remaining 21 credits totaling \$21,075, we cannot confirm payment using DPP and OPSO records, however, OPSO records confirm that credits were falsely recorded in offender accounts. These 21 credits are described more full in the following section labeled "Additional False TS and REL Credits Recorded."

Our review revealed that 64 false credits totaling \$71,462 were granted/recorded as follows:

1. False Credits Recorded as "Time Served" (TS)

Thirty TS credits totaling \$36,914 were falsely granted. Felony probation records from

**OUACHITA PARISH SHERIFF**  
**Monroe, Louisiana**

**Schedule of Findings**  
**For the Year Ended June 30, 2012**

DPP indicate that offenders paid the amount of the fines, fees and court costs corresponding to the amount of credits granted for 24 of the 30 TS credits. This totaled \$30,563. Tax Office records, including receipts, indicate that offenders paid the amount of the fines, fees, and court costs corresponding to the amount of credit granted for the remaining six TS credits that totaled \$6,351. Because the offenders paid the amounts for which the credits were subsequently granted and because there was insufficient jail time served to support the credits, these 30 credits were falsely granted.

2. False Credits Recorded as "Release per Sheriff Instruction" (REL)

Thirteen REL credits totaling \$13,473 were falsely granted. Felony probation records from DPP show that the offenders paid the amount of the fines, fees, and court costs corresponding to the amount of credit granted. Because the offenders paid the amount for which the credit was subsequently granted, these 13 REL credits were also falsely granted. In addition, for most of these REL credits, the jail sentence was suspended in favor of probation, making offenders ineligible for REL credits. Finally, in some instances, the offenders were not in jail at the time the REL credit was granted.

3. Additional False TS and REL Credits Recorded

During our review, we identified 21 additional TS and REL credits totaling \$21,075 that were falsely granted. Specifically, we identified 17 TS credits totaling \$16,744 and four REL credits totaling \$4,331. The difference between these credits and the 43 (TS and REL) credits discussed previously is these 21 credits did not have DPP documents or Tax Office receipt documents associated with them confirming that payments were made. However, a detailed review of the supporting documents for these 21 credits indicates that they, as with the other credits, were falsely granted because the offenders did not have sufficient jail time to support the credit and/or their jail sentence was suspended.

**Effect:** Based on the manner in which the former cashier was falsely recording credits, she may have failed to deposit an additional \$21,075 into the OPSO bank account. Therefore, total cash collections not deposited by the former cashier may be as high as \$71,462 (\$50,387 + \$21,075). We found that the former cashier established a personal bank account in June 2010, in which multiple large cash deposits were made through October 2011 totaling \$71,226. By failing to deposit all cash collections into the OPSO bank account, the former cashier may have violated state law.

**Cause:** We reviewed the disposition slip corresponding to each of the 64 false credits recorded in the fines and cost system. During our review of the disposition slips associated with the 47 (30 + 17) false TS credits, we identified several instances when the former cashier recorded a handwritten note with her signature in the comments section indicating the time frame that supported the TS credit given. Eleven of these handwritten notes show significantly longer jail



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times than the times actually serves as recorded in the jail system. This discrepancy suggests the former cashier intentionally recorded time frames, in the fines and cost system, which she knew to be false in order to support a TS credit that was not warranted.

Former Tax Office cashier was primarily responsible for the collection, reconciliation, and deposit of fines, fees, and court costs. She was also the only Tax Office employee present on each day a false credit was granted. Also, handwritten notes on several of the disposition slips indicate the former cashier recorded jail sentences significantly longer than actually served to support credits that were not warranted. During our review, we determined that in 2010 and 2011, credits against fines, fees, and court costs owed were falsely granted 64 times by the former cashier. DPP and OPSO records indicate payments were made to the Tax Office for amounts corresponding to 43 of these credits totaling \$50,387 which was not deposited into the OPSO bank account. In addition, based on the manner in which payments were recorded, it appears the the former cashier may have failed to deposit an additional \$21,075 in cash collections into the OPSO bank account. Finally, activity in the former cashier's personal bank account revealed large cash deposits that correlates with the timing of false credits granted and the aggregate amount of the false credits.

**Auditors' Recommendation:** We recommend the OPSO adopt policies and procedures to strengthen control over the collection of fines, fees, and court costs. Such procedures should include the following:

1. Develop a set of written procedures specifying how collections are to be made and recorded in the fines and cost computer system. Written procedures will help ensure consistent practice accountability.
2. Require use of individualized logon ID's and passwords for system access. Through the use of individualized ID's and passwords, any changes to system data can be traced to the relevant employee thus increasing accountability.
3. Program an edit log into the fines and cost system. Such a log would provide a history of all edits made in the system and allow changes in the system data to be traced to a specific person for greater accountability.
4. Upgrade the fines and cost system and the jail system so that the two systems are integrated and communicate with each other. Because the two systems are not integrated, the calculation of credits is a manual process and subject to error and/or fraud.
5. Separate the collection function, the reconciliation function, and the deposit function. During our audit, we noted that the employee who was collecting the fines, fees, and court costs was also responsible for reconciling the collections with the data in the fines and costs system and preparing the deposit. This practice is not compatible with

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appropriate segregation of duties and enabled the missing cash collections to remain undetected.

6. Require supervisory approval for all credits to be documented in writing. Because the granting of credits can be manipulated to hide the theft of funds, all credits should require documented supervisory approval.

**Auditee's Response to Findings and Recommendations:** As originally reported in early 2012, officials became aware of suspicious employee activity that was responsible for the collection of court fines and costs. The ensuing OPSO internal investigation resulted in termination of employment in February 2012 and the arrest for the counts of Felony Theft, malfeasance in Office and Filing False Public Records. In order to ensure the matter was investigated in a thorough, yet neutral matter, the Sheriff's Office requested the assistance of the Louisiana Legislative Auditor's Office (LLA).

OPSO employed a two-pronged approach to address these recommendations. Items 1, 5, and 6 are addressed procedurally, through policy development. Items 2, 3, and 4 are addressed through software development currently underway and soon to be completed.

Responses Based on Policy & Procedure Development

The LLA first recommends the development of written procedures for the collections of fines and costs, as a means of ensuring consistency and accountability. OPSO now has a comprehensive written policy in place that details all aspects related to the collection of court fines and costs. The policy has been approved by the Administration Division and copies are kept in the Fines & Costs office, as well as the Division Commander's desk.

In regards to Item 5, the LLA recommends a separation of duties of who collects, balances, and prepares the deposit for the fines drawer on a daily basis. Indeed, it is now standard procedure that these tasks are to be completed by separate staff members. Additionally, this is reflected in the aforementioned written procedure manual.

In Item 6, the LLA also recommends written approval of jail-time credits, both time served and Sheriff Good Time, by the Tax Division Commander. Accordingly, a procedure has been so designed in which the division supervisor reviews and initials time served calculations which are also filed in the day's business documentation. For Sheriff Good-Time releases, the jail will fax/email approvals which are then signed/authorized by a supervisor (someone other than person entering data). These approvals are then filed with each day's deposit/business documents. This procedure is also documented in the procedure manual.

Responses Based on Software Management & Development

In July 2012, the Sheriff's Office signed a professional services contract with a software development firm to create an integrated data management system that would accomplish inter-

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agency data sharing as well as comprehensive data management projects within the Sheriff's Office. One major focus of this initiative includes Fines and Costs process. This software initiative will effectively address the LLA's three remaining recommendations.

In items 2 and 3, the LLA recommends individual logs-on and an edit log for the Fines & Costs software. In response, individual logs-on for the current AS 400 have been issued to the staff members. However, upon the development of the new software, each division employee will have a separate login and collection activity will be logged into an edit log so individual financial transactions can be traced to unique users. The new software project will also address the integration recommendation listed in Item 4. The software will include the development of an electric docket created by the District Attorney's Office which would be auto-populated on the Court Bailiff's computer prior to court. The Bailiff will enter each case disposition/settlement in the software during court in real time. This information would be instantly available to Tax Collector's Office, although it will not be editable. Essentially, this software will completely eliminate the vulnerability characteristic of a manual calculation process. Additionally, the new software will generate daily reports of credits given against data elements used for calculations and variance will be investigated by the Tax Division supervisor. The Fines/Costs Module of the data integration project has reached the beta test stage. The beta test module should be installed and testing should begin by March 1, 2013 and depending on any revisions should be fully operational within 60 – 90 days.



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**Summary Status of Prior Year Findings**  
**For the Year Ended June 30, 2012**

The following is a summary of the status of prior year findings included in the Luffey, Huffman, Ragsdale & Soignier (APAC), CPA's audit report and management letter dated December 30, 2011, covering the examination of the Ouachita Parish Sheriff as of and for the year ended June 30, 2011.

**11-01 Internal Control**

***Finding***

Internal control is a process designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Our audit discovered weaknesses in the design and implementation of internal control.

A sound system of internal control requires review and reconciliation of all accounts to ensure proper recording of all transactions. A total of one month's Sales Tax Revenue of \$283,476 was not included in the Accounts Receivable amounts accrued by the Sheriff. There was no reconciliation of fixed asset records with the general ledger. We tested 60 payroll transactions and noted seven instances of pay different from documentation in file, 18 instances of extra duty detail pay had insufficient documentation for funds received, and 12 instances of personal time balances in excess of allowed amount.

We reviewed two credit card statements with 486 total transactions and noted 168 transactions totaling \$80,834 were all over \$100 requiring a requisition per department policy but no requisitions were completed, 33 transactions totaling \$58,259 were over \$500 per transaction requiring 3 quotes per department policy and quotes were not obtained, 13 transactions totaling \$886 were charged sales tax (governmental entities are exempt from sales tax) and 6 transactions totaling \$303 were missing detailed receipts.

***Status***

We constantly continue to strengthen and improve the internal controls of the department and have made great progress during the past year. Fixed assets are reconciled monthly with the General Ledger

Both payroll and compensated absences issues have been addressed.

However, credit card internal controls continue to be somewhat difficult to implement – see current year finding 12-01.

# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

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## MANAGEMENT LETTER

### To the Ouachita Parish Sheriff Monroe, Louisiana

In planning and performing our audit of the financial statements of the Ouachita Parish Sheriff (the Sheriff) for the year ended June 30, 2012, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated February 14, 2013 on the financial statements of the Sheriff.

### Documentation of Internal Control

#### *Finding:*

Management of the Sheriff is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. Those components are outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (commonly referred to as the COSO Report, or COSO) and consist of the Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the Sheriff does not possess adequate written documentation of all components of internal control over the Sheriff's operations.

For management and those charged with governance to properly discharge their responsibility to establish and maintain internal control, there must exist a level of documentation of internal control sufficient to allow them to assess operating effectiveness and design, not just at a point in time, but over a period of time. As circumstances change, controls should be re-evaluated for ongoing effectiveness.

***Recommendation:***

Although the Sheriff is working on documenting the internal controls, the documentation has not been completed. We recommend that management of the Sheriff complete the documentation of the internal control over financial reporting using the COSO framework in order that they may more easily discharge their responsibility to design and implement controls and monitor those controls for effectiveness over time. As part of this review and documentation, the Sheriff should utilize the *Checklist of Best Practices in Government* prepared by the Legislative Auditor's office.

***Management's Corrective Action Plan:***

The Sheriff has many existing procedures in place that provide for effective internal control. The Sheriff will evaluate the internal control procedures and will use all available resources, including the COSO framework and the Checklist of Best Practices in Government, to ensure proper internal controls are implemented and fully documented.

**Payroll Records**

***Finding***

The reconciliation of payroll expense to the quarterly tax returns required extensive work as this was not completed on a quarterly basis.

***Recommendation***

Payroll expense should be reconciled to the quarterly tax returns upon the completion of each quarterly tax return to ensure accuracy.

***Management's Response***

Payroll expenses were reconciled for the end of the year. While quarterly payroll tax reports are filed and taxes are paid timely they were not reconciled on a quarterly basis during the audit year. Payroll expenses and reports are being reconciled on a quarterly basis for the current year and future years.

*Kuffner, Huffman, Ryzdale, & Seigrist*

(A Professional Accounting Corporation)

February 14, 2013